Farm Service Agency

Commodity Fact Sheet

Revised March 1997

USDA United States Department of Agriculture

Soybeans and Minor Oilseeds

Summary of 1996 Loan Program and Related Information

Statutory Background

The 1996 farm bill requires that nonrecourse marketing assistance, marketing loan, and loan deficiency payments be implemented for the 1996-2002 crops of soybeans and minor oilseeds. National average oilseed loan rates are set annually based on the following formula and conditions:

for soybeans, 85 percent of the simple average price received by producers during the marketing years for the immediately preceding 5 crops, excluding the highest and lowest prices, but not less than $4.92 per bushel nor more than $5.26 per bushel, and

for each of the minor oilseeds, 85 percent of the simple average price received by producers of sunflower seed during the marketing years for the immediately preceding 5 crops, excluding the highest and lowest prices, but not less than $8.70 per cwt. nor more than $9.30 per cwt.

With marketing loan provisions, producers may (under certain conditions) either: (1) repay a 9-month nonrecourse price support loan at less than the loan rate plus accrued interest and other charges or (2) receive a loan deficiency payment (LDP) in lieu of obtaining a loan.

Eligible Crops

Soybeans and minor oilseeds (canola, flaxseed, mustard seed, safflower seed, sunflower seed, and rapeseed).

Loan Rates

The 1996-crop national average loan rates are $4.97 per bushel for soybeans and $8.91 per cwt. for minor oilseeds.

Loan rates: (1) vary among counties and commodities, (2) are based on the county where stored, and (3) may be adjusted by CCC with premiums and discounts to reflect the quality factors of a given quantity placed under loan.

Eligible Requirements

For crops to be eligible for a marketing assistance loan or an LDP, producers must:

- comply with applicable conservation and wetland protection requirements,
- report the planted acreage for the crop,
- have *beneficial interest* in the commodity on the date the loan or LDP is requested and, in the case of a loan, beneficial interest must be retained while the loan is outstanding, and
- ensure that the grain meets the Commodity Credit Corporation (CCC) minimum grade and quality standards.

Beneficial Interest

A producer retains beneficial interest in the commodity if all of the following remain with the producer: (1) control of the commodity, (2) risk of loss, and (3) title to the commodity.

A producer is considered to have:

- *control* of the commodity if the producer retains the ability to make all decisions affecting the commodity, including movement, sale, and the request for a loan or LDP,
- *risk of loss* in the commodity if the producer is responsible for loss or damage to the commodity. If the commodity is insured, any indemnity must be payable to the producer, and
- *title* to the commodity if the producer has not sold or has not delivered the commodity or warehouse receipt to the buyer. Title may be considered to be transferred before the producer receives payment for the commodity.

Once beneficial interest in the commodity is lost, the commodity loses eligibility for a loan or an LDP and remains ineligible even if the producer later regains beneficial interest.

For further information see the Farm Program Fact Sheet on “Beneficial Interest Requirements For Loans and LDPs, Excluding Sugar and Tobacco” or contact a local FSA county office.

Loan Settlements

Loans mature on the last day of the ninth month following the month in which the loan is made.

Producers may settle their outstanding loan:

- during the 9-month loan period by repaying the loan, or
- upon maturity by forfeiting the commodity to the CCC.

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Loan Repayment Rates

The loan repayment rate is the *lower* of (1) the applicable county loan rate plus accrued interest and other charges (per bushel) or (2) the announced loan repayment rate for the respective commodity.

Announced loan repayment rates are established and available at each county FSA office based upon the previous day's market prices for soybeans (weekly market prices for minor oilseeds) at appropriate U.S. terminal markets, as determined by CCC, adjusted to reflect quality and location.

Marketing Loan Gains

Producers realize a marketing loan gain if they repay their loans when the announced loan repayment rate is less than the loan principal.

The marketing loan gain rate equals the amount by which the applicable loan rate exceeds the announced loan repayment rate for the respective loan.

Loan Deficiency Payments (LDPs)

Producers who are eligible to obtain a loan, but who agree to forgo the loan, may obtain an LDP.

The LDP rate equals the amount by which the applicable county loan rate exceeds the announced loan repayment rate for the respective commodity.

The LDP equals the LDP rate times the quantity of oilseed for which the LDP is requested and is otherwise eligible to be placed under loan.

Final Loan/LDP Availability Dates

Final loan/LDP availability dates are:

- May 31, 1997—Soybeans, Sunflower Seeds, Safflower, and Mustard Seed.

- March 31, 1997—Canola, Rapeseed, and Flaxseed.

Producers may either obtain a loan or receive LDPs on all or part of their production during the loan availability period.

Production Evidence

Producers who repay a loan at less than the loan rate plus accrued interest and other charges or receive an LDP must provide production evidence acceptable to CCC, such as evidence of sales, warehouse receipts, or load summary or assembly sheets.

Payment Limitations

The sum of LDPs and marketing loan gains for all commodities are subject to a $75,000 per person payment limitation. This payment limitation is separate from the $40,000 per person limitation for market transition payments.

Soybean Marketing Loan/LDP Examples

Soybean Marketing Loan Examples Under Various Price Scenarios ($ per bushel)

	Price Scenario 1	Price Scenario 2	Price Scenario 3
1) Loan rate	4.97	4.97	4.97
2) Loan rate plus accrued interest	5.10	5.10	5.10
3) Announced loan repayment rate	7.00	5.00	4.75
4) Loan repayment rate (lower of 2 or 3)	5.10	5.00	4.75
5) Marketing loan gain or LDP rate	0.00	0.00	0.22

Soybeans

Crop Year*	Production (million bushels)	National Average Support Level ($ per bushel)	Average Price to Farmers ($ per bushel)	Farm Value (million $)
1971	1,176.1	2.25	3.03	3,559.7
1972	1,270.6	2.25	4.37	5,550.5
1973	1,547.5	2.25	5.68	8,786.7
1974	1,216.3	2.25	6.64	8,069.6
1975	1,548.3	0.00	4.92	7,618.0
1976	1,288.6	2.50	6.81	8,769.0
1977	1,767.3	3.50	5.88	10,352.4
1978	1,868.8	4.50	6.66	12,449.7
1979	2,260.7	4.50	6.29	14,219.8
1980	1,797.5	5.02	7.60	13,661.0
1981	1,989.1	5.02	6.07	12,073.8
1982	2,190.3	5.02	5.71	12,483.5
1983	1,635.8	5.02	7.83	12,798.5
1984	1,860.9	5.02	5.84	10,864.7
1985	2,099.1	5.02	5.05	10,600.5
1986	1,942.6	4.77	4.78	9,285.6
1987	1,937.7	4.77	5.88	11,393.8
1988	1,548.8	4.77	7.42	11,487.7
1989	1,923.7	4.53	5.69	10,916.1
1990	1,925.9	4.50	5.74	11,042.0
1991	1,986.5	5.02	5.58	11,092.0
1992	2,190.4	5.02	5.56	12,168.0
1993	1,871.0	5.02	6.40	11,950.0
1994	2,517.0	4.92	5.48	13,756.0
1995**	2,177.0	4.92	6.77	14,737.0
1996***	2,403.0	4.97	6.15-6.85	15,617.0

* Crop year: September-August
** Estimate, as of November 1996
*** Forecast, as of November 1996

For statistics for 1943 through 1954, see Soybeans Commodity Fact Sheet dated March 1979.
For statistics for 1955 through 1970, see Soybeans Commodity Fact Sheet dated August 1994.

Starting with the 1991 crop, the price support program includes marketing loan provisions.
A two percent loan origination fee on the value of a loan was applied to 1991 through 1993 crops.

Minor Oilseeds

Marketing Year*	Production (1,000 cwt.)	National Average Support Level ($ per cwt.)	Average Price to Farmers ($ per cwt.)	Farmvalue (million $)
All Sunflower				
1987	26,082		8.34	217.6
1988	17,921		12.10	216.8
1989	17,598		10.60	190.5
1990	22,744		10.80	245.8
1991	36,130	8.90	8.69	316.8
1992	25,650	8.90	9.74	254.3
1993	25,721	8.90	12.90	326.0
1994	48,362	8.70	10.75	513.0
1995**	40,090	8.70	11.60	471.0
1996***	33,690	8.91	—	—
Safflower				
1991	2,508	8.90	11.10	27.8
1992	4,068	8.90	14.10	57.4
1993	5,359	8.90	15.20	81.5
1994	4,266	8.70	14.60	62.3
1995**	4,195	8.70	14.55	61.0
1996***	4,101	8.91	—	—
Mustard seed				
1991	167	8.90	10.50	1.8
1992	145	8.90	10.70	1.6
1993	124	8.90	10.80	1.3
1994	130	8.70	10.80	1.4
1995**	183	8.70	11.00	2.0
1996***	146	8.91	—	—
Flaxseed				
1987	4,169		6.05	25.2
1988	904		13.50	12.2
1989	680		12.86	8.7
1990	2,135		9.41	20.1
1991	3,472	8.90	6.29	21.8
1992	1,841	8.90	7.36	13.5
1993	1,949	8.90	7.81	14.8
1994	1,636	8.70	8.65	13.5
1995**	1,238	8.70	8.71	11.3
1996***	1,512	8.91	—	—
Canola				
1991	1,911	8.90	9.72	18.6
1992	1,440	8.90	9.90	14.3
1993	2,525	8.90	10.90	27.5
1994	4,474	8.70	11.10	49.8
1995**	5,470	8.70	11.85	68.8
1996***	4,740	8.91	—	—
Rapeseed				
1991	161	8.90	10.10	1.6
1992	145	8.90	10.00	1.4
1993	74	8.90	10.20	.8
1994	126	8.70	10.30	1.3
1995**	30	8.70	12.77	0.4
1996***	36	8.91	—	—

* September-August marketing year for sunflower seed, safflower and mustard seed. June-May marketing year for flaxseed, canola and rapeseed.
** Estimate, as of November 1996
*** Forecast, as of November 1996